

PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into by and between INDEPENDENT SCHOOL DISTRICT NO. 363 (South Koochiching-Rainy River) (hereinafter referred to as “Seller”), and KRUSE ENTERTAINMENT GROUP INC. (hereinafter referred to as “Buyer”).

WHEREAS, Seller has agreed to sell, and Buyer has agreed to purchase real property situated in the County of Koochiching, State of Minnesota. The legal description of said property (hereinafter referred to as the “Property” or “Premises”) is described hereinafter.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, it is agreed as follows:

1. Description of Property. The Property is located in the County of Koochiching, State of Minnesota, legally described as follows:

That part of Government Lot Three (3) (or the southeast quarter of the southwest quarter) and Government Lot Four (4), (or the southwest quarter of the southwest quarter (SW1/4 SW1/4), Section Thirty-One (31), Township One Hundred Sixty (160), Range Twenty-Five (25), West of the Fifth Principal Meridian, Lying South of Trunk Highway 11, Less the East 211 Ft. of Said Govt. Lot 3.

AND

The North 174.24 Ft. of the West 500 Ft. of Government Lot Three (3), Section Six (6), Township One Hundred Fifty Nine (159), Range Twenty-Five (25), West of the Fifth Principal Meridian.

including all of the structures and other personal property, if any, situated on or about the Property on the date of closing, except as otherwise provided herein.

2. Purchase Price. The purchase price for said Property is One Hundred Sixty-Five Thousand (\$165,000.00) Dollars which Buyer shall pay at closing in good funds (certified or cashier’s check).

3. Closing.
 - A. Seller agrees to execute and deliver a Warranty Deed conveying marketable title to said Property subject only to the following exceptions:
 - (i) Covenants, conditions, restrictions, declarations and easements of record, if any;
 - (ii) Reservations of minerals or mineral rights by the State of Minnesota, if any; and
 - (iii) Building, zoning and subdivision laws and regulations.
 - B. Buyer shall deliver to Seller the amount set forth above on the Date of Closing.
 - C. Closing shall take place on or about October 13, 2025, subject to extension for title curative matters as hereinafter provided.
 - D. Closing shall be held at the Minnesota Title and Abstract Company Office located at 209 Third Street, International Falls, Minnesota 56649, or at such other place as may be agreed to mutually by the parties.
 - E. Seller shall pay the costs of deed preparation, deed tax, and filing fees.
4. Seller's Warranties. Seller represents and warrants to Buyer that:
 - A. Seller agrees to deliver possession on the Date of Closing, provided that all conditions of this Agreement have been complied with.
 - B. Seller has received no notice and has no knowledge of any pending notice of a violation of any statutes, ordinances, regulations, judicial decrees or orders, nor the pendency of any lawsuits, administrative or arbitration hearing, or governmental investigations, or proceedings affecting the Property and the use thereof.
 - C. To the best of Seller's knowledge and belief, there are no environmental proceedings, applications, ordinances, petitions, court

pleadings, resolutions, investigations by public or private agencies, or other matters pending which could prohibit, impede, delay, or adversely affect the use of the Property. However, Seller operates a Waste Water Treatment Plant (hereinafter referred to as “WWTP”) on the property pursuant to NPDES/SDS Permit No. MN0049263 (hereinafter referred to as “the Permit”). The Permit expires on September 20, 2027. In accordance with section 5.5.35 of the Permit, the WWTP is to be decommissioned by December 31, 2026. Upon closing, Buyer will be solely responsible for completing the decommissioning process per the Permit. In regard to the WWTP, Seller delivers to Buyer, and Buyer acknowledges receipt of the Permit.

- D. On the Date of Closing, Seller will own all of the Property described herein, free and clear of all liens, charges and encumbrances, other than as specifically set forth in this Agreement. At closing, Seller will comply with any requirements to obtain release of any existing liens or encumbrances.
- E. Seller has received no notice of any action, litigation, investigation or proceeding of any kind pending against Seller, nor to the best of Seller’s knowledge is any action, litigation, investigation or proceeding pending or threatened against the Premises, or any part thereof.
- F. To the best of Seller’s knowledge and belief, Seller has complied with all statutes and ordinances regulating sale and use of the Premises, and the conveyance of the Premises will include all rights necessary to ensure compliance with governmental regulations.
- G. To the best of Seller’s knowledge and belief one underground fuel tank and one above ground diesel fuel tank are currently located in or about the property. In addition, two underground fuel oil tanks and one underground diesel fuel tank were removed and abated and in connection therewith, delivers to Buyer, and Buyer acknowledges receipt of, the Minnesota Pollution Control Agency file related thereto. To the best of Seller’s knowledge and belief, no toxic or hazardous substances (including, without limitation, asbestos, urea form formaldehyde, the group of organic compounds known as

polychlorinated biphenyls, and any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), 42 U.S.C. Section 9601-9657, as amended) have been generated, treated, stored, released or disposed of, or otherwise deposited in or located on the Premises, including without limitation, the surface and subsurface waters of the Premises, nor has any activity been undertaken on the Premises which would cause (i) the Premises to become a hazardous waste treatment storage or disposal facility within the meaning of, or otherwise bring the Premises within the meaning of, or otherwise bring the Premises within the ambit of, the Resource Conservation and Recovery Act of 1976 (“RCA”), 42 U.S.C. Section 6901 et seq., or any similar state law or local ordinance or any other Environmental Law; (ii) a release or threatened release of hazardous waste from the Premises within the meaning of, or otherwise bring the Premises within the ambit of, CERCLA, or any similar state law or local ordinance or any other Environmental Law or (iii) the discharge of pollutants or affluent into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Clean Water Act, 33 U.S.C. Section 1251 et seq., or the Clean Air Act, 42 U.S.C. Section 7401 et seq., or any similar state law or local ordinance or any other Environmental Law. To the best of Seller’s knowledge and belief, there are no substances or conditions in or on the Premises which may support a claim or cause of action under RCA, CERCLA or any other federal, state or local environmental statutes, regulations, ordinances, or other environmental regulatory requirements, including without limitation, the Minnesota Environmental Response and Liability Act, Minn. Stat. Chapter 115B and the Minnesota Petroleum Tank Release Cleanup Act, Minn. Stat. Chapter 115C. To the best of Seller’s knowledge and belief, no underground deposits which cause hazardous wastes or underground storage tanks are located on the Premises.

- H. Seller has not entered into any other contracts for the sale of the Premises, nor as of the date of closing will there be any first rights of refusal or options to purchase the Premises.

- I. Seller has not entered into any commitments or agreements with any governmental agency or public or private utility affecting the Premises which have not been disclosed in writing by Seller to Buyer.
- J. To the best of Seller's knowledge, after due inquiry, Seller is not in default with respect to any of its obligations or liabilities pertaining to the Premises.
- K. To the best of Seller's knowledge, there is a well located on the Premises.
- L. To the best of Seller's knowledge, methamphetamine production has not occurred on the Property.
- M. There is a subsurface sewage treatment system on the Property which must be decommissioned by September 30, 2027.
- N. Seller's warranties contained herein shall be true and correct at the time of entering into this Agreement and at closing.

Notwithstanding any provision herein to the contrary, if a closing occurs hereunder, Seller shall indemnify Buyer, its successors and assigns, against, and shall hold Buyer, its successor and assigns, harmless from claims or causes of action resulting therefrom, including reasonable attorneys' fees directly arising out of or resulting from the breach of any of the representations and warranties herein contained, whether such claims or causes of action arise prior to or after closing. All warranties and representations herein contained shall survive a closing.

5. Title. Seller shall, within ten (10) days after approval of this Agreement, furnish an abstract of title or a preliminary title insurance commitment certified to date to include property searches covering bankruptcies, and state and federal judgments and liens. If Buyer desires to purchase title insurance, the premium for said title insurance shall be the responsibility of Buyer. Buyer shall be allowed ten (10) days after receipt thereof for examination of said title and the making of any objections thereto, said objections to be made in writing or deemed to be waived. If any objections are so made pursuant to this paragraph, Seller shall be allowed thirty (30) days to make such title marketable. Pending correction of title the payments hereunder required and the closing date shall be postponed, but upon

correction of title and within seven (7) days after written notice thereof to Buyer, or the closing date, whichever is later, the parties shall perform this Agreement according to its terms.

If said title is not marketable and is not made so within thirty (30) days from the date of written objections thereto as provided above, this Agreement shall be null and void, and neither party shall be liable for damages hereunder to the other party. All money theretofore paid by Buyer shall be refunded. If the title to said Property be found marketable or be made so within said time, and Buyer shall default in any of the agreements and continue in default for a period of thirty (30) days, then and in that case Seller may terminate this Agreement.

6. Special Assessments and Real Estate Taxes. Seller shall pay in full all unpaid special assessments against the Property for all public improvements, levied, pending and assessed, as of the date of closing, and all real estate taxes due and payable in 2024 and prior years, including any assessments deferred for installment and other deferred taxes including “Green Acres” taxes, if applicable. Seller shall pay at closing any assessments which have been certified to real estate taxes due and payable in 2024. Seller and Buyer shall pay real estate taxes due and payable in 2024, pro rata, based upon the date of closing. Buyer shall pay all real estate taxes and, except as otherwise herein provided, assessments due and payable in 2026 and thereafter.

7. Seller’s Disclosures. Seller discloses to Buyer that:

- A. Seller is aware of an active underground fuel oil tank with a capacity of 4000 gallons. The tank was installed on June 25th, 1998, and registered on December 9th, 1998. Seller is not aware of any leak, any contamination, nor any failures of the active tank. No inspection of the active tank has been completed as of the date of this sale.
- B. Seller is aware of an active above ground diesel fuel tank with a capacity of 1000 gallons. The tank was installed on July 29th, 2001, and registered on February 13th, 2004. Seller is not aware of any leak, any contamination, nor any failures of the active tank. No inspection of the active tank has been completed as of the date of this sale.
- C. Seller is aware that the Property does not currently have power from the municipality. It shall be Buyer’s sole responsibility to take any and

all actions associated with restarting the power and to pay all costs related thereto.

- D. A 1999 Ford F250 Pickup with a plow attachment, VIN 1FTNF21L7XEE92371, is located on the Property and shall be included in the sale of the Property. No inspection of the vehicle has been completed as of the date of this sale.
- E. There is playground equipment that is located on the Property and shall be included in the sale of the Property. This inclusion is contingent upon Buyer donating the playground equipment to the River Valley Development Association within thirty (30) days of closing.
- F. Seller shall be responsible for ensuring that the boiler at the Premises is up and running and will also be responsible for providing any necessary maintenance for the boiler prior to December 1, 2025.

8. Purchase “As-Is”. Subject to the express representations and warranties of Seller as set forth in this Agreement, Buyer buys and accepts the condition of the Property, including specifically without limitation, the environmental and geological condition of the Property, in an “AS-IS” condition.

9. Obligations of Seller. Seller shall provide to Buyer within fifteen (15) days following execution of this Agreement the documents hereinafter described, to the extent said documents or records are in Seller’s possession.

- A. Any and all documents and information available to Seller relating to any substances defined as toxic or hazardous under state or federal laws or regulations affecting the Property. This shall include such substances as set forth in this Agreement and any and all other such substances regulated under state and federal law including the following:
 - i) Underground storage tanks;
 - ii) Asbestos;
 - iii) PCBs (Polychlorinated Biphenyls);
 - iv) Lead-based paint;
 - v) Urea Formaldehyde;
 - vi) Radon;

- vii) Industrial/domestic waste; and
- viii) Any other toxic or hazardous substances.

10. Survival of Terms. The representations and warranties contained in this Agreement shall survive the closing of the transaction contemplated herein and shall not be merged in the closing documents.

11. Possession. Seller hereby agrees to deliver possession to Buyer as of the Date of Closing.

12. Default. In the event of any default hereunder by Buyer, Seller may cancel this Agreement pursuant to Minnesota Statutes Section 559.21 and retain all earnest money paid hereunder as liquidated damages for Buyer's breach. Buyer may exercise the remedy of specific performance or any other remedy either at law or in equity, provided that any action for specific performance must be commenced within six (6) months following Seller's breach.

13. Notice. Any notices provided in this Agreement shall be in writing and shall be deemed timely if mailed by certified mail or personally served on or before the date or period specified herein. All notices provided for in this Agreement shall be mailed or delivered as follows:

Seller: Jeremy Tammi
 Superintendent of Schools
 Independent School District No. 363
 State Hwy 1
 Northome, MN 56661

Buyer: Allen Kruse
 Kruse Entertainment Group Inc.
 3077 County Rd. 20
 International Falls, MN 56649

14. Brokers. The parties mutually represent and warrant to each other that they have dealt with no brokers, finders, or the like in connection with this transaction

15. Execution Pursuant to Email. The parties hereby agree that execution by email shall be deemed to be fully binding and equivalent to an original for any and all purposes.

The parties further agree that notwithstanding this paragraph they will provide by U.S. Mail original signatures immediately following the email transmission.

16. Entire Agreement. The parties acknowledge that this Agreement represents the full and complete agreement between the parties relating to the subject matter of this Agreement and the Property. This Agreement supersedes any prior agreements, either oral or written, and any amendments to this Agreement to be effective must be in writing, executed by both parties.

17. Controlling Law. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

WHEREFORE, the parties hereto have executed this Agreement on the respective dates set forth below.

SCHOOL BOARD
INDEPENDENT SCHOOL DISTRICT
NO. 363
(SOUTH KOOCHICHING-RAINY RIVER)

KRUSE ENTERTAINMENT GROUP INC.

By: _____
Its: Chair

By: Allen Wayne Kruse
Its: _____

By: _____
Its: Clerk

This instrument was drafted by:
KNUTSON, FLYNN & DEANS, P.A.
1155 Centre Pointe Drive, Suite 10
Mendota Heights, Minnesota 55120
651.222.2811